

**GREENWOOD TOWNSHIP
BASIC FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008**

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INDEPENDENT AUDITOR'S REPORT

July 10, 2008

Township Board
Greenwood Township
Lewiston, Michigan 49756

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenwood Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Greenwood Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenwood Township, as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 1 through 4 and 21 through 22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greenwood Township's basic financial statements. The introductory section, and combining non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements have been subjected to the auditing procedures applied by me in the audit of the basic financial statements and, in my opinion, based on my audit are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

GREENWOOD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

THE TOWNSHIP AS A WHOLE

The Township's combined net assets increased 7.08% from a year ago – increasing by \$68,097. As we look at the governmental activities you can see the increase occurred throughout the entire group of governmental funds.

This year the township continued to add new homes to the property tax rolls with the continued expansion of Garland Resort as well as other new subdivisions. The total equivalent SEV for the Township for 2008 is over \$139,000,000. The parks and recreation committee completed the new Educational Walk Trail and will have phase II of the gazebo project dedicated in August. The parks and recreation committee received grants and donations for this phase of the trial project and to date has received a Title II grant for \$3,920 and donations in excess of \$3,000. The project will have a planned dedication and opening in late August of 2008.

The Township's renovation of the old fire station into the maintenance garage has been completed. We have a maintenance employee working 30 hours per week and have eliminated all outside contracting of property maintenance.

The Township has consummated a plan with an internet carrier to provide high speed internet to the Fire Department and Township offices at no cost. This contract also opens high speed internet service to all residents of Greenwood Township.

In a condensed format, the table below shows a calculation of the net assets as of the current balance sheet date.

Governmental Activities

	<u>March 31, 2008</u>	<u>March 31, 2007</u>
Current Assets	\$ 513,461	\$ 561,313
Noncurrent Assets	<u>946,626</u>	<u>937,328</u>
Total Assets	<u>1,460,087</u>	<u>1,498,641</u>
Long-Term Debt Outstanding	416,757	522,171
Other Liabilities	<u>13,954</u>	<u>15,191</u>
Total Liabilities	<u>430,711</u>	<u>537,362</u>
Net Assets		
Invested in Capital Assets - Net of Debt	529,869	415,157
Restricted	245,859	206,554
Unrestricted	<u>253,648</u>	<u>339,568</u>
Total Net Assets	<u>\$ 1,029,376</u>	<u>\$ 961,279</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Unrestricted net assets – the part of net assets that can be used to finance day to day operations ended the year at \$253,648.

The following table shows the changes in the net assets as of the current year.

Governmental Activities

	March 31, 2008	March 31, 2007
Program Revenues		
Charges for Services	\$ 65,078	\$ 59,081
Operating Grants and contributions	4,105	7,137
Capital Grants and contributions	3,920	-
General Revenues		
Property Taxes	244,762	244,242
State Shared Revenues	82,216	81,536
Unrestricted Investment Earnings	13,016	14,679
Transfers and Other Revenue	8,714	11,484
Total Revenues	<u>421,811</u>	<u>418,159</u>
Program Expenses		
General Government	167,242	146,844
Public Safety	118,295	112,556
Public Works	42,186	38,352
Recreation and Culture	3,850	-
Interest on Long-Term Debt	22,141	28,000
Total Expenses	<u>353,714</u>	<u>325,752</u>
Change in Net Assets	<u>\$ 68,097</u>	<u>\$ 92,407</u>

The Township's net assets continue to remain healthy. With new residents moving in, the total revenues grew slightly faster than inflation while we were able to hold expenses in line.

GOVERNMENTAL ACTIVITIES

The Township's total governmental revenues were \$421,811.

The township has a millage renewal on the August ballot to provide 1.0 mill for the Greenwood Fire Department operation.

The planning commission made changes to the zoning ordinances as it pertained to the new Michigan Zoning Enactment passed by the State legislature in 2007. They are now working on the Master Plan incorporating several changes made to the Zoning Ordinances. They are also working with the new Planning Enactment just passed by the State legislature to ensure compliance.

THE TOWNSHIP'S FUNDS

Our analysis of the Township's major funds begins on page 8 following the Township-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the township as a whole. The township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2007/08 include the General fund, Fire Fund, and Fire Hall Debt Retirement Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

THE TOWNSHIP'S FUNDS (CONTINUED)

The General fund pays for most of the Township's governmental services. The most significant expenditures are assessing at \$26,895 landfill transfer site at \$28,547, and planning and zoning at \$15,965.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Township board amended the budget to take into account events during the year. There were only minor budget adjustments during the year. The General Fund Balance decreased by \$41,959 during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

At March 31, 2008 the Township had \$946,626 invested in net capital assets in a broad range of capital assets, including buildings and fire equipment.

The Township has \$416,757 in long-term debt at March 31, 2008. The debt included \$165,000 for fire hall building debt, \$85,000 for town hall building debt, \$70,000 for special assessment road improvements, \$85,153 for a fire truck installment loan and \$11,604 for a fire truck refurbishment installment loan. Debt principal payments totaled \$105,414 during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township's budget for 2008/09 calls for no increase in property tax rates. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

With the additional parcels added to the assessment roll and through the continued growth in our tax base, we do not anticipate any changes to our tax rates for 2008, with the exception of the Fire Operating millage renewal.

Our continued stewardship of the Township budget has enabled us to continue to serve our property owners in spite of continued reductions in State revenues and harsh economic times.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at (989) 786-7872 or visit the Township offices at 4030 Williams Road, Lewiston, MI 49756.

**GREENWOOD TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2008**

	Governmental Activities
ASSETS	
Cash demand and time deposits	\$ 432,898
Receivables	
Taxes	44,069
Interest receivable	1,840
Special assessments	34,654
Other governments	-
Capital assets	
Land	12,500
Other capital assets, net of depreciation	<u>934,126</u>
 TOTAL ASSETS	 <u>1,460,087</u>
 LIABILITIES	
Accounts payable	3,269
Accrued liabilities	10,685
Noncurrent liabilities:	
Due within one year	111,809
Due in more than one year	<u>304,948</u>
 TOTAL LIABILITIES	 <u>430,711</u>
 NET ASSETS	
Invested in capital assets, net of related debt	529,869
Restricted for:	
Debt Service	95,684
Special Assessment	51,092
Fire Fund	99,083
Unrestricted	<u>253,648</u>
 TOTAL NET ASSETS	 <u>\$ 1,029,376</u>

See Notes to Financial Statements

**GREENWOOD TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008**

Functions / Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants	Net (Expense) Revenue
Primary Government					
Governmental Activities					
General Government	\$ 167,242	\$ 41,606	\$ -	\$ 3,920	\$ (121,716)
Public Safety	118,295	12,150	-	-	(106,145)
Public Works	42,186	11,322	4,105	-	(26,759)
Recreation and Culture	3,850	-	-	-	(3,850)
Interest on Debt	<u>22,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,141)</u>
Total Governmental Activities	<u>\$ 353,714</u>	<u>\$ 65,078</u>	<u>\$ 4,105</u>	<u>\$ 3,920</u>	<u>(280,611)</u>
General revenues:					
Taxes:					
Property taxes levied for general purposes					160,283
Property taxes, levied for debt services					84,479
State Revenue Sharing not restricted to specific purposes					82,216
Interest and investment earnings					13,016
Other revenue					<u>8,714</u>
Total general revenues and taxes					<u>348,708</u>
Change in net assets					68,097
Net assets, beginning of year					<u>961,279</u>
Net assets, end of year					\$ 1,029,376

See Notes to Financial Statements

**GREENWOOD TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008**

	GENERAL FUND	FIRE FUND	FIRE HALL DEBT RETIREMENT	OTHER FUNDS	TOTAL
ASSETS					
Cash	\$ 248,816	\$ 86,658	\$ 54,162	\$ 43,262	\$ 432,898
Receivables					
Taxes	16,515	12,856	9,534	5,164	44,069
Interest Receivable	1,494	346	-	-	1,840
Special Assessments	-	-	-	34,654	34,654
Due From Other Governmental Units	-	-	-	-	-
TOTAL ASSETS	<u>\$ 266,825</u>	<u>\$ 99,860</u>	<u>\$ 63,696</u>	<u>\$ 83,080</u>	<u>\$ 513,461</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 2,492	\$ 777	\$ -	\$ -	\$ 3,269
Deferred Revenue	-	-	-	34,654	34,654
TOTAL LIABILITIES	<u>2,492</u>	<u>777</u>	<u>-</u>	<u>34,654</u>	<u>37,923</u>
FUND BALANCES					
Reserved	-	99,083	63,696	48,426	211,205
Unreserved	<u>264,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,333</u>
TOTAL FUND BALANCES	<u>264,333</u>	<u>99,083</u>	<u>63,696</u>	<u>48,426</u>	<u>475,538</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 266,825</u>	<u>\$ 99,860</u>	<u>\$ 63,696</u>	<u>\$ 83,080</u>	<u>\$ 513,461</u>

See Notes to Financial Statements

GREENWOOD TOWNSHIP
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
MARCH 31, 2008

Fund Balances - Total Governmental Funds	\$ 475,538
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets - at Cost	1,411,230
Accumulated Depreciation	(464,604)

Special Assessment revenues are recorded in the Statement of Activities when the assessment is set; they are not reported in the funds until collected or collectable within 60 days of year-end (3/31 each year)	34,654
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Certain liabilities such as bonds and notes payable are not due and payable in the current period and therefore are not reported in the governmental funds

Bonds Payable	(320,000)
Installments Note Payable	(96,757)

Accrued interest payable is not included as a liability in the governmental funds	(10,685)
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Net Assets of Governmental Activities	<u>\$ 1,029,376</u>
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See Notes to Financial Statements

**GREENWOOD TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008**

	GENERAL FUND	FIRE FUND	FIRE HALL DEBT RETIREMENT	OTHER FUNDS	TOTAL
REVENUES					
Taxes	\$ 64,539	\$ 95,744	\$ 54,810	\$ 41,460	\$ 256,553
State Sources	86,321	-	-	-	86,321
Federal Sources	3,920	-	-	-	3,920
Charges for Services	14,591	9,000	-	-	23,591
Interest Income	11,225	1,493	136	162	13,016
Administration Fee	41,487	-	-	-	41,487
Sale of Capital Assets	-	-	-	-	-
Other Revenue	<u>8,153</u>	<u>561</u>	<u>-</u>	<u>-</u>	<u>8,714</u>
TOTAL REVENUES	<u>230,236</u>	<u>106,798</u>	<u>54,946</u>	<u>41,622</u>	<u>433,602</u>
EXPENDITURES					
General Government	\$ 155,928	-	-	-	155,928
Public Safety	13,225	66,214	-	-	79,439
Public Works	42,186	-	-	-	42,186
Recreation and Culture	3,597	-	-	-	3,597
Capital Outlay	57,259	2,462	-	-	59,721
Debt Service:					
Principal	-	25,414	45,000	35,000	105,414
Interest and Other Charges	<u>-</u>	<u>6,832</u>	<u>9,602</u>	<u>8,191</u>	<u>24,625</u>
TOTAL EXPENDITURES	<u>272,195</u>	<u>100,922</u>	<u>54,602</u>	<u>43,191</u>	<u>470,910</u>
REVENUES OVER (UNDER) EXPENDITURES	(41,959)	5,876	344	(1,569)	(37,308)
FUND BALANCES - BEGINNING OF YEAR	<u>306,292</u>	<u>93,207</u>	<u>63,352</u>	<u>49,995</u>	<u>512,846</u>
FUND BALANCES, END OF YEAR	<u>\$ 264,333</u>	<u>\$ 99,083</u>	<u>\$ 63,696</u>	<u>\$ 48,426</u>	<u>\$ 475,538</u>

See Notes to Financial Statements

GREENWOOD TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
FOR THE YEAR ENDED MARCH 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	(37,308)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Capital Outlay		59,721
Deduct - Depreciation Expense		(50,423)

Special Assessment revenues are recorded in the Statement of Activities when the assessment is set. They are not reported in the funds until collected or collectible within 60 days of year-end.		(11,791)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - Principal Payments on Long-term Liabilities		105,414
Add - Decrease in Accrued Interest Payable		<u>2,484</u>

Change in Net Asset of Governmental Activities	\$	<u>68,097</u>
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See Notes to Financial Statements

**GREENWOOD TOWNSHIP
STATEMENT OF FIDUCIARY FUND NET ASSETS
AGENCY FUNDS
MARCH 31, 2008**

ASSETS

Cash	\$ 207
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<u>TOTAL ASSETS</u>	<u>\$ 207</u>
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LIABILITIES

Due to Other Governmental Units	\$ 207
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<u>TOTAL LIABILITIES</u>	<u>\$ 207</u>
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See Notes to Financial Statements

**GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Greenwood Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

REPORTING ENTITY

The General Law Township is located in Oscoda County, Michigan and operated under an elected Township Board consisting of a Supervisor, Treasurer, Clerk, and two Trustees. This Board and its employees provide services to its residents in areas such as fire protection, voter registration, and maintenance of township facilities.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application of the criteria, the Township does not contain any component units.

TOWNSHIP-WIDE AND FUND FINANCIAL STATEMENTS

The township-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Township's Township-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the township-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Township-Wide Financial Statements - The township-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the township-wide financial statements.

**GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid/revenue sharing.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state revenue sharing, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Fire Fund – This is a special revenue fund used to record revenue and expenditures related to the fire department activities.

Fire Hall Debt Retirement Fund – this is a debt service fund used to record the proceeds from tax levies and to record the debt principal and interest payments.

Additionally, the Township reports the following governmental types:

Town Hall Debt Retirement Fund and Special Assessment Fund

Fiduciary Funds – The Township maintains an Agency Fund to record the tax collection transactions. The funds are segregated and used to record the tax collection and distribution of taxes to the various taxing entities.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments – Cash and investments include cash on hand, demand deposits, and savings accounts and certificates of deposit.

**GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.”

All property tax receivables are shown net of an allowance for uncollectible amounts. The Township considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes are levied and become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The County operates a delinquent tax revolving fund and normally pays to the Township all current taxes annually prior to June 30.

Restricted Assets – The fund balance in the debt service funds and special assessment fund are shown as a restricted fund balances. These balances can only be used to service the respective debt and special assessment expenses.

Capital Assets – Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the Township-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Township does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building additions	10-50 years
Fire trucks and other vehicles	7-15 years
Furniture and other equipment	2-20 years

Long-Term Obligations – In the Township-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change – Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (GASB No. 34) along with all related statements and interpretations. Changes to the Township’s financial statements as a result of GASB No. 34 are as follows:

- § A Management’s Discussion and Analysis (MD&A) section providing analysis of the Township’s overall financial position and results of operations has been included.
- § Township-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township’s activities have been provided.

**GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- § Capital assets in the governmental activities column of the statement of net assets includes assets totaling \$946,626 not previously accounted for by the Township
- § The governmental activities column includes bonds and other long-term obligations totaling \$416,757 previously reported in the General Long-term Debt Account Group.
- § The fund financial statements focus on major funds rather than fund types.

BUDGETS AND BUDGETARY ACCOUNTING

All funds are under the direct supervision and budgetary control of the Township board. In accordance with PA 621 of 1978, the Uniform Budgeting and Accounting Act as amended, the Township board adopts a budget for the general fund and the fire special revenue fund. Any budget violations are disclosed in the audits of the Township's financial statements as required by law.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets, as adopted, lapse after the close of the fiscal, and a new budget is adopted for the ensuing year. The budget for Greenwood Township, as presented in the accompanying financial statements is the amended budget as well as the original adopted budget for the funds required to be budgeted under state statute.

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general and special revenue funds. All annual appropriations lapse at the fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by April 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits Townships to amend their budgets during the year.

Excess Expenditures Over Appropriations in Budgeted Funds - The Township is required under Public Act 621 of 1978 to adopt (pass) a budget (General Appropriations Act) for the General Fund and Individual Special Revenue Funds. The Township complied in all areas except one line item. The following area exceeded the budgeted amount:

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Fire Fund Capital Outlay	\$ 1,500	\$ 2,462	\$ (962)

**GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 3 - CASH AND INVESTMENTS

The captions on the accompanying balance sheet related to cash are as follows:

	Imprest <u>Cash</u>	<u>Cert of Dep</u>	Cash/checking <u>and Savings</u>	<u>, Total</u>
Government Activities	\$ 150	\$ 219,511	\$ 213,237	\$ 432,898
Agency Funds	<u>-0-</u>	<u>-0-</u>	<u>207</u>	<u>207</u>
	<u>\$ 150</u>	<u>\$ 219,511</u>	<u>\$ 213,444</u>	<u>\$ 433,105</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$432,955 and the bank balance was \$433,912 was classified as to risk as follows.

Insured	\$ 395,292
Uninsured – Uncollateralized	<u>37,673</u>
	<u>\$ 432,955</u>

Investments – Act 217, PA 1982, authorized the Township to deposit and invest in the following:

- a. Bonds, securities, and other direct obligations of the United States or its agencies.
- b. Certificates of deposit and other savings instruments issued by a federally insured bank, savings and loan or credit union maintaining an office in Michigan.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Mutual Funds comprised of investments which are legal for direct investment by local units of government in Michigan.
- e. U.S. Government or federal agency obligation repurchase agreements.
- f. Bankers' acceptance of United States banks

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). The Township has no investments at March 31, 2008.

Interest Rate Risk

The Township has not adopted a policy that indicates how the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time. However, there are no investments at March 31, 2008.

**GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments of collateral securities that are in possession of an outside party. However, there were no investments at March 31, 2008 with this risk.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority. There were no investments at March 31, 2008.

NOTE 4 – CAPITAL ASSETS

Capital asset activity of the Township's governmental activities was as follows:

	Balance March 31, 2007	Additions	Disposals	March 31, 2008
Capital assets not being depreciated:				
Land	\$ 12,500	\$ -	\$ -	\$ 12,500
Capital assets being depreciated:				
Building and building improvements	779,546	-	-	779,546
Equipment and vehicles	559,463	59,721	-	619,184
Subtotal	1,339,009	59,721	-	1,398,730
Accumulated depreciation	414,181	50,423	-	464,604
Net capital assets being depreciated	924,828	9,298	-	934,126
Net governmental capital assets	\$ 937,328	\$ 9,298	\$ -	\$ 946,626

Depreciation expense was charged to activities of the Township as follows:

Governmental activities:	
General Government	\$ 11,314
Recreation and Culture	253
Public Safety	38,856
Total	\$ 50,423

**GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 5 - RISK MANAGEMENT

The Township purchases insurance in the Michigan Township Participating Plan for its liability, property and automobile coverage.

Worker compensation is purchased through the Accident Fund Insurance Company of America.

The Michigan Township Participating Plan is an authorized Michigan Self-Insurance Association and Greenwood Township is accepted as a member in this plan organized under Public Act 138 of 1982. A substantial number of Michigan townships participate in this coverage.

NOTE 6 - LONG-TERM DEBT

Following is a summary of pertinent information concerning the Township's long-term debt:

Outstanding Debt Descriptions:

General Obligation Bonds, Series 2000-A	\$ 165,000
General Obligation Bonds, Series 2000-B	85,000
Capital Improvement Bonds Series 2004	70,000
Installment debt	85,153
Installment debt	<u>11,604</u>
 Total	 <u><u>\$ 416,757</u></u>

Changes in Long-Term Debt

April 1, 2007	\$ 522,171
New debt	-0-
Principal paid	<u>(105,414)</u>
 March 31, 2008	 <u><u>\$ 416,757</u></u>

General Obligation Bonds, Series 2000-A

Description: This debt was incurred to defray the cost of erecting, improving and furnishing a fire station.

SECURITY - There shall be levied upon all taxable property in the Township a tax such that the estimated collections shall be sufficient to pay principal and interest as due.

PRIOR REDEMPTION - The bonds shall not be subject to redemption prior to maturity.

DEBT SCHEDULE

Year	Principal Due May 1	Interest Rate	Interest	
			May 1	November 1
2008	50,000	4.95%	4,113	2,875
2009	55,000	5.00%	2,875	1,500
2010	60,000	5.00%	1,500	-0
	<u><u>\$ 165,000</u></u>		<u><u>\$ 8,488</u></u>	<u><u>\$ 4,375</u></u>
			<u><u>\$ 12,863</u></u>	

**GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 6 - LONG-TERM DEBT (CONTINUED)

General Obligation Bonds, Series 2000-B

Description: This debt was incurred to defray the cost of erecting, improving and furnishing a township hall and improving the site for the township hall.

SECURITY - There shall be levied upon all taxable property in the Township a tax such that the estimated collections shall be sufficient to pay principal and interest as due.

PRIOR REDEMPTION - The bonds shall not be subject to redemption prior to maturity.

DEBT SCHEDULE

<u>Year</u>	<u>Principal Due May 1</u>	<u>Interest Rate</u>	<u>Interest</u>	
			<u>May 1</u>	<u>November 1</u>
2008	25,000	5.00%	2,148	1,522
2009	30,000	5.05%	1,522	765
2010	30,000	5.10%	765	-0
	<u>\$ 85,000</u>		<u>\$ 4,435</u>	<u>\$ 2,287</u>
			<u>\$ 6,722</u>	

SPECIAL ASSESSMENT

Capital Improvement Bonds Series 2004 for \$90,000 at 3.76% interest. Issued June 17, 2004 for South Tee Lake road improvements. Special assessment collections from taxpayers will cover the debt amortization, however full faith and Credit of the Township has been pledged.

DEBT SCHEDULE

<u>Year</u>	<u>Principal Due May 1</u>	<u>Interest</u>	
		<u>May 1</u>	<u>November 1</u>
2008	10,000	1,316	1,316
2009	10,000	1,128	1,128
2010	10,000	940	940
2011	10,000	752	752
2012	10,000	564	564
2013-2014	20,000	564	564
	<u>\$ 70,000</u>	<u>\$ 5,264</u>	<u>\$ 5,264</u>
		<u>\$ 10,528</u>	

LEASE PURCHASE/INSTALLMENT DEBT

Description: This debt was incurred to finance the purchase of a fire truck.

SECURITY - Title to the vehicle will vest with the purchaser(Township) subject to a security interest of Oshkosh Capital, the financing entity.

INTEREST RATE - 5.67%

EARLY PAY-OFF - The Township has the option of prepaying the debt. The prepayment penalty is 2% of the outstanding principal balance.

**GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 6 - GENERAL LONG-TERM DEBT (CONTINUED)

DEBT SCHEDULE

<u>Year</u>	<u>Principal Due May 1</u>	<u>Interest Rate</u>	<u>Interest May 1</u>
2008	15,206	5.67%	4,828
2009	16,068	5.67%	3,966
2010	16,979	5.67%	3,055
2011	17,941	5.67%	2,093
2012	18,959	5.67%	1,074
	<u>\$ 85,153</u>		<u>\$ 15,016</u>

LEASE PURCHASE/INSTALLMENT DEBT

Description: This debt was incurred to refurbish a fire truck.

SECURITY – Title to the vehicle will vest with the Township subject to a security interest of Oshkosh Capital, the financing entity.

INTEREST RATE – 5.25%

EARLY PAYOFF – The Township has the option of paying the debt. The prepayment penalty is 2% of the outstanding principal balance.

DEBT SCHEDULE

<u>Year</u>	<u>Principal Due Nov 28</u>	<u>Interest Rate</u>	<u>Interest Due Nov 28</u>
2008	11,604	5.25%	609
	<u>\$ 11,604</u>		<u>\$ 609</u>

Annual Debt Service Requirements:

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Other</u>	<u>Total</u>
Principal	\$ 111,809	\$ 111,068	\$ 116,979	\$ 27,942	\$ 28,959	\$ 20,000	\$ 416,757
Interest	<u>18,727</u>	<u>12,884</u>	<u>7,200</u>	<u>3,596</u>	<u>2,203</u>	<u>1,128</u>	<u>45,738</u>
Totals	<u>\$ 130,536</u>	<u>\$ 123,952</u>	<u>\$ 124,179</u>	<u>\$ 31,538</u>	<u>\$ 31,162</u>	<u>\$ 21,128</u>	<u>\$ 462,495</u>

REQUIRED SUPPLEMENTARY INFORMATION

**GREENWOOD TOWNSHIP
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, OTHER SOURCES (USES)
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 62,000	\$ 62,000	\$ 64,539	\$ 2,539
State Sources	68,900	68,900	86,321	17,421
Federal Sources	-	-	3,920	3,920
Charges for Services	12,500	12,500	14,591	2,091
Interest Income	6,000	6,000	11,225	5,225
Administration Fee	32,000	32,000	41,487	9,487
Other	3,000	3,000	8,153	5,153
TOTAL REVENUES	<u>184,400</u>	<u>184,400</u>	<u>230,236</u>	<u>45,836</u>
EXPENDITURES				
General Government:				
Township Board	40,150	40,150	30,226	9,924
Supervisor	19,600	19,600	14,754	4,846
Clerk	27,200	27,200	18,768	8,432
Board of Review	2,600	2,600	2,087	513
Treasurer	47,000	47,000	34,190	12,810
Assessor	32,000	32,000	24,290	7,710
Elections	3,600	3,600	1,627	1,973
Township Hall	29,650	35,650	28,547	7,103
Attorney	7,000	7,000	1,439	5,561
Capital Outlay	62,000	56,000	50,675	5,325
Total General Government	<u>270,800</u>	<u>270,800</u>	<u>206,603</u>	<u>64,197</u>
Public Safety:				
Planning and Zoning	25,550	25,550	13,225	12,325
Total Public Safety	<u>25,550</u>	<u>25,550</u>	<u>13,225</u>	<u>12,325</u>
Public Works				
Road	32,500	46,000	11,767	34,233
Metro	4,500	-	-	-
Transfer Site	39,700	39,700	30,419	9,281
Total Public Works	<u>76,700</u>	<u>85,700</u>	<u>42,186</u>	<u>43,514</u>

See Notes to Financial Statements

**GREENWOOD TOWNSHIP
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, OTHER SOURCES (USES)
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
EXPENDITURES (CONTINUED)				
Recreation and Culture:				
Parks and Recreation	3,000	3,900	3,597	303
Parks and Recreation - Capital Outlay	-	6,600	6,584	16
Total Recreation and Culture	<u>3,000</u>	<u>10,500</u>	<u>10,181</u>	<u>319</u>
 TOTAL EXPENDITURES	 <u>376,050</u>	 <u>392,550</u>	 <u>272,195</u>	 <u>120,355</u>
 REVENUES OVER (UNDER) EXPENDITURES	 (191,650)	 (208,150)	 (41,959)	 166,191
 FUND BALANCES, BEGINNING OF YEAR	 <u>218,130</u>	 <u>248,929</u>	 <u>306,292</u>	 <u>57,363</u>
 FUND BALANCES, END OF YEAR	 <u>\$ 26,480</u>	 <u>\$ 40,779</u>	 <u>\$ 264,333</u>	 <u>\$ 223,554</u>

See Notes to Financial Statements

**GREENWOOD TOWNSHIP
FIRE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 70,000	\$ 70,000	\$ 73,893	\$ 3,893
Payment in lieu of taxes	21,500	21,500	21,851	351
Charges for services	-	-	9,000	9,000
Sale of Capital Assets	-	-	-	-
Interest	1,000	1,000	1,493	493
Other Revenue	-	-	561	561
	<u>92,500</u>	<u>92,500</u>	<u>106,798</u>	<u>14,298</u>
TOTAL REVENUES				
EXPENDITURES				
Public Safety	69,250	69,250	66,214	3,036
Debt Retirement				
Principal	25,600	25,600	25,414	186
Interest	6,850	6,850	6,832	18
Capital Outlay	1,500	1,500	2,462	(962)
	<u>103,200</u>	<u>103,200</u>	<u>100,922</u>	<u>2,278</u>
TOTAL EXPENDITURES				
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,700)</u>	<u>(10,700)</u>	<u>5,876</u>	<u>16,576</u>
OTHER FINANCING SOURCES (USES)				
Proceeds From Debt	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(10,700)</u>	<u>(10,700)</u>	<u>5,876</u>	<u>16,576</u>
FUND BALANCES, BEGINNING OF YEAR	<u>15,154</u>	<u>79,661</u>	<u>93,207</u>	<u>13,546</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,454</u>	<u>\$ 68,961</u>	<u>\$ 99,083</u>	<u>\$ 30,122</u>

See Notes to Financial Statements

OTHER SUPPLEMENTARY INFORMATION

**GREENWOOD TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2008**

	DEBT RETIREMENT TOWN HALL DEBT	SPECIAL ASSESSMENT	TOTAL
ASSETS			
Cash	\$ 26,824	\$ 16,438	\$ 43,262
Investments	-	-	-
Receivables:			
Taxes	5,164	-	5,164
Special Assessments	-	34,654	34,654
Inventory	-	-	-
Due From Other Funds	-	-	-
Due From Other Governmental Units	-	-	-
	<u>31,988</u>	<u>51,092</u>	<u>83,080</u>
TOTAL ASSETS			
	<u>31,988</u>	<u>51,092</u>	<u>83,080</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-
Due to Other Funds	-	-	-
Due to Other Governmental Units	-	-	-
Advances From Other Governmental Units	-	-	-
Deferred Revenue	-	34,654	34,654
	<u>-</u>	<u>34,654</u>	<u>34,654</u>
TOTAL LIABILITIES			
	<u>-</u>	<u>34,654</u>	<u>34,654</u>
FUND BALANCE			
Reserved	31,988	16,438	48,426
Unreserved	-	-	-
	<u>31,988</u>	<u>16,438</u>	<u>48,426</u>
TOTAL FUND BALANCES			
	<u>31,988</u>	<u>16,438</u>	<u>48,426</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 31,988</u>	<u>\$ 51,092</u>	<u>\$ 83,080</u>

See Notes to Financial Statements

GREENWOOD TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	DEBT RETIREMENT		
	TOWN HALL DEBT	SPECIAL ASSESSMENT	TOTAL
REVENUES			
Taxes	\$ 29,669	\$ 11,791	\$ 41,460
Federal Sources	-	-	-
Charges for Services	-	-	-
Interest	58	104	162
State Sources	-	-	-
Other	-	-	-
	<u>29,727</u>	<u>11,895</u>	<u>41,622</u>
TOTAL REVENUES			
EXPENDITURES			
Capital Outlay	-	-	-
Debt Service			
Principal	25,000	10,000	35,000
Interest	<u>5,183</u>	<u>3,008</u>	<u>8,191</u>
	<u>30,183</u>	<u>13,008</u>	<u>43,191</u>
TOTAL EXPENDITURES			
REVENUES OVER (UNDER) EXPENDITURES	(456)	(1,113)	(1,569)
FUND BALANCES, BEGINNING OF YEAR	<u>32,444</u>	<u>17,551</u>	<u>49,995</u>
FUND BALANCES, END OF YEAR	<u>\$ 31,988</u>	<u>\$ 16,438</u>	<u>\$ 48,426</u>

See Notes to Financial Statements



Thomas R. Zick CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS**

July 10, 2008

Greenwood Township
4030 Williams Road
Lewiston, Michigan, 49756

To: Greenwood Township Board

I have audited the financial statements of Greenwood Township, Oscoda County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise Greenwood Township's basic financial statements, and have issued my report thereon dated July 10, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Greenwood Township's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greenwood Township's internal control over financial reporting. Accordingly, I do not express an opinion of the effectiveness of Greenwood Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Greenwood Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Greenwood Township's financial statements that is more than inconsequential will not be prevented or detected by Greenwood's internal control. I consider the following deficiency to be a significant deficiency in internal control over financial reporting:

Establishment and maintenance of internal control over the financial reporting process as defined by Statement on auditing Standards Number 112 requires management to prepare annual financial statements in accordance with GASB Statement Number 34. The Township's auditor prepares these statements.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Greenwood Township's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greenwood Township's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, grants, and contract agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported.

I noted an additional matter that I reported to management of Greenwood Township in a separate letter dated July 10, 2008.

This report is intended solely for the information and use of management, Greenwood Township Board, the Michigan Department of Treasury, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT



Thomas R. Zick CPA, P.C.
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REPORT TO MANAGEMENT / GREENWOOD TOWNSHIP BOARD

July 10, 2008

Greenwood Township
4030 Williams Road
Lewiston, Michigan, 49756

I have audited the financial statements of Greenwood Township for the year ended March 31, 2008, and have issued my reports thereon dated July 10, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

My responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. Generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me.

In planning and performing my audit, I considered Greenwood Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. I also considered internal control over compliance with requirements that could have a direct and material effect on the financial statements.

As part of obtaining reasonable assurance about whether Greenwood Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit. While my audit provides a reasonable basis for my opinion, it does not provide a legal determination of Greenwood Township's compliance with those requirements.

MEMBER: AMERICAN INSTITUTE OF CPAS & MICHIGAN ASSOCIATION OF CPAS

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Greenwood Township are described in Note 1 to the financial statements. I noted no transactions entered into by Greenwood Township during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Some accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience and past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. My conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Greenwood Township's financial reporting process (that is, cause future financial statements to be materially misstated). All of the adjustments I proposed have been recorded by Greenwood Township.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. I am pleased to report that no such disagreements arose during the course of my audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Greenwood Township's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all of the relevant facts. To my knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Greenwood Township's auditors. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

COMMENTS AND RECOMMENDATIONS

The following is a summary of my observations with suggestions for improvements I believe should be brought to your attention.

Internal Control Structure

Because of its size, the Township has a limited internal control structure. The Clerk and the Treasurer receive the income, pay the bills and post all journals and ledgers. It is impractical and cost prohibitive to make the system any more elaborate, however, this letter informs the reader that such a system is not in place.

CONCLUSION

I would like to express my appreciation, as well as that of my staff, for the excellent cooperation received while performing the audit. If I can be of any assistance in implementing the above recommendations, please contact me.

This report is intended solely for the information and use of management, the Township Board and others within the administration as well as the Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.



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